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RUEHVEN/USMISSION USOSCE 2409  
RHMFIUU/CDR USCENTCOM MACDILL AFB FL  
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TAGS: [PGOV](#) [PREL](#) [EAID](#) [ENRG](#) [AF](#) [TX](#)

SUBJECT: TURKMEN-AFGHAN ENERGY DIALOGUE - PROTOCOL A BREAKTHROUGH ON  
WAY TO INCREASED EXPORTS TO AFGHANISTAN

REF: A. 07 ASHGABAT 0660

[B](#). 07 ASHGABAT 0523

[C](#). 07 ASHGABAT 0317

[1](#). (U) Sensitive but unclassified. Not for public internet.

[2](#). (U) SUMMARY: Following intensive meetings on April 8-9, officials from Turkmenistan's Ministry of Energy and Industry (MOEI) and Afghanistan's Ministry of Energy and Water (MEW) signed a landmark agreement to supply additional 300 MW of electricity to Afghanistan by 2010 and build related supporting infrastructures in their respective territories. Additionally, both sides agreed to improve future decision-making processes by establishing a Joint Working Group (JWG). The new agreement will be utilized to enlarge the scope to include additional supply. Turkmenistan President Berdimuhamedov's upcoming visit to Afghanistan at end-April represents an historic opportunity to reach agreement on pricing and commercial arrangement for the delivery of the additional 300 MW by [2010](#). END SUMMARY.

STRONG COMMITMENT TO PROCESS DEMONSTRATED BY ALL SIDES

[3](#). (U) The meeting's purpose was to discuss export of 300 MW to Afghanistan from Turkmenistan and to finalize technical parameters for the construction of 500 KV transmission line from Serdar generating station in Turkmenistan to 500/220 KV substation in Afghanistan. After delays postponed the originally proposed dates in November 2007, an Afghan delegation headed by Gulam Rabbani, DABM General President, and supported by USAID/Kabul consultants Krish Krishnan and Prem Babu, met with Turkmenistan Ministry of Energy and Industry counterparts in Ashgabat on April 8-9. Accompanying DABM's Rabbani were two senior officials Ms. Zia Gul, Ministry of Energy and Water's (MEW) Director of Planning, and N. Amani, DABM's President, 220 KV System. In addition, the Afghan Government's strong commitment for the deal was demonstrated by the presence of Ambassador of Afghanistan to Turkmenistan Abdul Karim Kaddam and First Secretary Mansouri. Ambassador Kaddam and First Secretary Mansouri participated in all meetings and showed keen interest.

¶4. (U) USAID Representatives from both USAID Central Asia Republics (CAR) and Afghanistan also actively participated in the meetings. USAID/CAR Mission Director William Frej led the USAID team, and Anil Mishra, Senior Energy Policy Advisor (CAR), Anthony Carvalho, Head of Energy and Natural Resources (Afghanistan) and Serdar Yagmurov, Program Management Specialist (Turkmenistan) joined the discussions.

¶5. (U) Deputy Minister of Energy and Industry Yarmuhammet Orazgulyev headed the Turkmen delegation accompanied by Azatguly Ovlyagulyev, Acting Chairman of the state energy corporation, "Turkmenenergo," and six other department heads.

#### AFGHAN PRESENTATION WAS PROFESSIONAL AND TO THE POINT

¶6. (U) DABM's Rabbani provided a snapshot of Afghanistan's electricity supply and demand. He reviewed the power generation and distribution projects being implemented in the country, and outlined the deficit in supply and stressed significant additional capacity required to meet the demand. He described the initiatives taken by the Afghan government to import electricity from Turkmenistan, Uzbekistan, and Tajikistan. He thanked the Turkmen government for existing supply of electricity to Afghanistan and sought the commitment of the Turkmen government to export an additional 300 MW to Afghanistan by May 2010.

¶7. (U) Rabbani further elaborated on the role donors have played in funding various power projects in Afghanistan. He specially praised USAID for its unwavering financial support and commitment to bring 24/7 electricity to people in Kabul and other parts of Afghanistan.

#### USAID ADDRESSED CONCERNS ON FINANCING AFGHAN INFRASTRUCTURE

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¶8. (U) USAID/CAR Director Frej stressed the importance of the supply of electricity to Afghanistan from Turkmenistan. He pointed out that the United States through its State Department and USAID stands behind Afghanistan to bring stability and support sustainable economic growth to the entire Central Asian region.

¶9. (U) USAID/Afghanistan assured Turkmen delegates on its committed financial support for the construction of infrastructure needed to import power from Turkmenistan. There is a firm commitment by USAID/Afghanistan to finance the costs of building power lines and 500/220 KV sub-station on Afghan side. The project design and implementation plans are just awaiting commitment from the Turkmen side.

¶10. (U) The technical consultants to MEW and USAID/Afghanistan presented the findings of the 2007 feasibility study on load flow, routing of transmission lines and interconnection for 300 MW supply of electricity via a 500 KV transmission line. They discussed various options explored and the recommended routing of transmission lines, border-crossing point, and location of 500/220 KV sub-station at Andkhoy inside Afghanistan.

#### AT FIRST TURKMEN WERE RESERVED AND COOL, THEN WARMED UP

¶11. (U) The Deputy Minister expressed disappointment at the time taken by the Afghan side to reach current level of development, poor interaction and communication that was taken as a sign of lack of interest. The Deputy Minister was surprised by lack of communication with the Turkmen side on the decision taken by the Afghans four months ago on the transmission line crossing point and the location of the sub-station in Afghanistan. He stressed the need for mutual decision-making and keeping a good flow of communication.

¶12. (U) Following the Deputy Minister's comments, Turkmenenergo made a presentation on its progress toward increasing electricity supply to Afghanistan. It advised that Turkmenistan could increase supply of additional electricity to Badghis province, Qerqeen, and Khamyab districts via the existing 110 KV line, provided Afghanistan constructs the related receiving facilities inside its territory.

¶13. (U) In order to increase power supply to Herat, Afghanistan, and upon completion of construction of 220/110 kV substations at Herat by Afghanistan, Turkmenistan will upgrade the operating voltage of the transmission line Serhetabat-Herat from 110 kV to 220 kV. Through these upgrades, additional power supply of up to 50-60 MW can be easily made available in the near term to Herat and Afghan villages close to the Turkmenistan border.

¶14. (U) Turkmenenergo exports 10-15% of its current power generation to neighboring countries of Turkey, Iran and Tajikistan. To meet its export obligations and meet its own 8-10% increase in domestic consumption, the government has decided to install one additional power plant consisting of two additional 127 MW gas-turbines, a new 500 KV and 220 KV sub-stations at Serdar. Turkmenenergo plans to supply an additional 300 MW to Afghanistan from a single generation source at Serdar and building 420 km of a 500 KV transmission line to Afghan border and installing a 500 KV substation near the border. Turkmenenergo has the expertise and resources to build the planned facilities inside Turkmenistan within 24-30 months once an agreement is reached. It expects all financing to be provided by the state budget and will not need external financing.

#### CHANGED TURKMEN ATTITUDE - UPBEAT AFTERNOON SESSION

¶15. (U) The Deputy Minister informed the delegation that President Berdimuhamedov has decided to extend the existing electricity supply agreement to Afghanistan at \$0.02/kwh till 2010, despite its production cost being \$0.05/kwh. He presented to the Afghan delegate copies of the Presidential Order and implementation agreement for acceptance and signing.

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¶16. (U) Rabbani thanked the Turkmen President and the government for the courtesy extended and sought time to present the new agreement to Afghan Energy Minister for signing. Rabbani assured the Deputy Minister a quick turnaround soon after his return to Kabul. The Deputy Minister further announced that the Government of Turkmenistan looks very positively at Afghanistan's request for an additional 300 MW supply. They were convinced of the Afghan government's resolve to build the new line and sub-station on their side and the U.S. commitment to provide financing for the construction of these facilities.

#### WORKING GROUP - NEW CHAPTER IN TURKMEN/AFGHAN RELATIONS

¶17. (U) The Deputy Minister wanted the project to move at a faster pace. He proposed establishing a dual channel of communication between the two sides - the existing formal one through the MFA and another one direct with the Ministry of Energy and Industry. The Deputy Minister agreed to the Afghan proposal to establish a joint working group (JWG) to meet and review, approve, and monitor design and construction of the proposed transmission lines and sub-stations.

¶18. (U) Rabbani informed the Deputy Minister that the Afghan side is prepared to name the Afghan nominees for the Joint Working Group and offered to host the first meeting of the JWG in Kabul. The Deputy Minister agreed to provide the names of Turkmen nominees shortly in a formal communication to the Afghan Energy Ministry.

¶19. (U) Rabbani also requested that the Deputy Minister establish a separate commercial working group to finalize a Power Purchase Agreement (PPA), commercial arrangements, and decide on the pricing for additional sale of electricity. The Deputy Minister pointed out that it is outside his authority to decide on commercial matters and pricing. All commercial decisions are to be taken at a higher cabinet level and by the President. However, he agreed that the proposed JWG could draw on the other resources of the government to take up the matter related to PPA and commercial arrangements after all technical issues are settled. The Deputy Minister further suggested that the pricing issue could be raised and discussed by two presidents in the upcoming visit of Turkmenistan's President Berdimuhamedov to Kabul on April 28.

A LANDMARK BREAK-THROUGH AGREEMENT IS AGREED TO AND SIGNED

¶20. (U) The protocol of the joint meeting of technical experts of the Ministry of Energy and Water of the Islamic Republic of Afghanistan and the Ministry of Energy and Industry of Turkmenistan was drawn up and agreed to. After the protocol was reviewed and approved by the Turkmen Cabinet of Ministers, both sides signed it in the presence of all the participants at approximately 10:00 pm that night.

¶21. (SBU) COMMENT: There was a marked difference in the attitude of the Turkmen Government towards the Afghanistan Delegation. Compared to the cool reception the Afghans received a year ago, there was a 180 degree turnaround. Overall, the meetings were conducted in a very positive, friendly, and accommodating environment. Considerable credit for the meetings' results goes to the strong USAID presence and level of preparedness and commitment shown by Afghans in the meetings. END COMMENT.

¶22. (U) USAID/CAR Mission Director Bill Frej and Embassy Kabul cleared this cable.  
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